

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:562
ANSWERED ON:17.07.2002
RESTRUCTURE OF STEEL PLANTS
BASUDEB ACHARIA

Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that Government had engaged Mackinsey to submit report on restructuring of Alloy Steel Plant, Salem Steel Plant, Viswasaraiya Iron and Steel Plant of Bhagabati;

(b) if so, whether it has submitted its recommendations; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) Steel Authority of India Ltd. (SAIL) had engaged M/s. McKinsey & Co. in 1998 to prepare a 'Competitiveness Plan' for the company. As part of this, the consultants also examined the special steels unit of SAIL, namely, Alloy Steel Plant, Salem Steel Plant and Visvesvaraya Iron and Steel Ltd.

(b)&(c): McKinsey has made the following recommendations for the three plants:

- Alloy Steel Plant (ASP):

The optimal course of action for this unit would be closure. In case, closure is not possible, the plan should be to minimise losses through such measures as reduction in workforce, transferring hot metal from Durgapur Steel Plant etc.

- Visvesvaraya Iron & Steel Plant (VISP):

The main course of action available for VISP is divestment, so that the Joint Venture (JV) partner could open export markets and invest further in the plant, adding more value.

- Salem Steel Plant (SSP):

Formation of a Joint Venture is best course of action for Salem Steel Plant. The JV partner, by providing backward integration for steel making and by opening of new exports markets, can make the unit viable in the long run.